

Embargo:

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CURRENT ECONOMIC SITUATION, MARCH 2023

INDUSTRIAL PRODUCTION, SERVICES, AND CONSTRUCTION INVESTMENT UP, FACILITY INVESTMENT AND RETAIL SALES DOWN

Industrial and services production, and construction investment increased while facility investment and retail sales decreased in January 2023.

The entire production increased by 0.5 percent from the previous month in January 2023 as both industrial production (up 2.9%, m-o-m and down 12.7%, y-o-y) and services production (up 0.1%, m-o-m and up 5.9%, y-o-y) rose.

In January 2023, while retail sales (down 2.1%, m-o-m and up 0.7%, y-o-y) and facility investment (down 1.4%, m-o-m and down 3.9%, y-o-y) went down and construction investment (up 1.8%, m-o-m and up 0.9%, y-o-y) went up.

Exports declined by 7.5 percent year-on-year in February 2023 led by a slump in the export of IT products such as semiconductors. Average daily exports decreased by 15.9 percent from a year ago to US \$2.28 billion in February 2023 from US \$2.71 billion in February 2022.

The consumer sentiment index (CSI) declined by 0.5 points in February 2023 to 90.2 from the previous month. The business survey index (BSI) for the entire sector remains more of the same with that of the previous month at 69, and the BSI outlook for March 2023 grew by 3 points to 71.

In January 2023, both the cyclical indicator of the coincident composite index and the cyclical indicator of the leading composite index fell by 0.4 points and 0.3 points respectively from the previous month.

Both employment and consumer prices rose at a slower pace in February 2023.

The economy added 312,000 jobs year-on-year in February 2023 and the unemployment rate fell by 0.3 percentage points from a year ago to 3.1 percent.

The consumer prices rose at a slower pace by 4.8 percent year-on-year in February 2023 due to the stable price trend of petroleum products and agricultural, livestock and fishery products, and the core inflation rose by 4.8 percent.

In February 2023, stock prices decreased, Korean treasury yields rose, and the won weakened due to the possibility of persistent monetary tightening by major economies and among others.

In February 2023, declines in housing prices (-1.49% → -1.15%, m-o-m) and prices of *Jeonse* (lump-sum deposits with no monthly payments) (-2.29% → -1.80%, m-o-m) were somewhat slower than the previous month.

Amid a somewhat slower inflation increase in Korea, economic growth remains sluggish, as indicated by the moderated pace of domestic demand recovery and downturns of exports and business sentiment in the manufacturing sector.

Global economic uncertainties continue to linger driven by downside risks including financial instability in the vulnerable sectors due to monetary tightening and concerns about the prolonged Russia-Ukraine war alongside favorable economic factors such as the expectations of China's reopening.

The government will go all out to improve economic structures by boosting economic vitality, focusing on the promotion of export, investment and among others, and seeking reforms in the three key sectors and an increase in energy efficiency, while making concerted efforts to lay the solid foundation for the stabilization of prices and people's livelihoods, and manage risks at home and abroad.

Key Statistics

Employment

	2022													2023	
	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Number of employed (million)	28.09	26.95	27.40	27.75	28.08	28.49	28.48	28.47	28.41	28.39	28.42	28.42	27.81	27.36	27.71
Employment rate (%)	62.1	59.6	60.6	61.4	62.1	63.0	62.9	62.9	62.8	62.7	62.7	62.7	61.3	60.3	61.1
(Seasonally adjusted)	62.1	61.2	62.1	61.8	62.1	62.4	62.2	62.2	62.3	62.2	62.2	62.1	62.0	62.0	62.6

Consumer Price Index

(%)

	2021		2022												2023	
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
y-o-y	3.8	3.7	3.6	3.7	4.1	4.8	5.4	6.0	6.3	5.7	5.6	5.7	5.0	5.0	5.2	4.8
m-o-m	0.5	0.2	0.6	0.6	0.7	0.7	0.7	0.6	0.5	-0.1	0.3	0.3	-0.1	0.2	0.8	0.3

Retail Sales

(Percentage change from the previous period, %)

	2020					2021					2022						2023
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Dec ¹	Jan ¹
Retail sales	-0.1	-5.1	4.3	-0.2	-0.1	8.3	5.6	1.7	0.8	0.5	-0.4	-0.5	-0.9	-0.1	-0.9	-0.2	-2.1
(y-o-y)	-	-2.1	1.4	2.2	-1.9	-	8.9	7.1	7.8	9.2	-	2.4	-0.2	-1.0	-2.3	-3.1	0.7

1. Preliminary

Facility Investment Index

(Percentage change from the previous period, %)

	2020	2021					2022						2023
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Dec ¹	Jan ¹
Facility investment index	5.9	9.6	6.3	1.4	-1.7	-0.4	3.3	0.4	-0.4	8.6	-0.2	-6.1	-1.4
(y-o-y)	-	-	12.4	13.2	6.2	6.2	-	-1.3	-2.4	7.5	9.6	3.2	-3.9

1. Preliminary

Construction Completed

(Percentage change from the previous period, %)

	2020	2021					2022						2023
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Dec ¹	Jan ¹
Construction Completed (Constant)	-2.1	-6.7	-2.9	-3.3	-0.6	2.4	2.7	0.5	-0.1	0.8	4.6	-0.7	1.8
(y-o-y)	-	-	-8.8	-7.2	-8.1	-3.1	2.7	-1.7	2.0	3.5	6.5	0.5	0.9

1. Preliminary

Exports and Imports

(US\$ billion, y-o-y, %)

	2021					2022						2023	
	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Feb	Q2	Q3	Q4	Jan	Feb
Exports	644.40	146.40	156.73	164.54	176.73	683.58	173.40	54.16	177.11	174.02	159.05	46.38	50.11
(y-o-y, %)	25.7	12.5	42.0	26.5	24.5	6.1	18.4	21.1	13.0	5.8	-10.0	-16.4	-7.5
Average daily exports	2.36	2.22	2.27	2.40	2.54	2.51	2.67	2.71	2.59	2.52	2.27	2.16	2.28
Imports	615.09	136.60	149.23	156.89	172.37	731.37	177.90	53.48	183.53	192.30	177.64	58.93	55.38
(y-o-y, %)	31.5	12.4	37.7	37.5	39.4	18.9	30.2	26.1	23.0	22.6	3.1	-2.8	3.5
Average daily imports	2.25	2.07	2.16	2.29	2.48	2.68	2.74	2.67	2.68	2.79	2.54	2.74	2.52

Industrial Production (Mining, Manufacturing, Electricity and Gas Production)

(Percentage change from the previous period, %)

		2021					2022						2023	
		Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4 ¹	Dec ¹	Jan ¹	
Total Production ²	m-o-m, q-o-q	-	3.3	-1.3	1.7	2.9	-	3.2	-2.3	-2.4	-6.4	-3.1	2.9	
	y-o-y	8.2	6.4	12.6	6.7	7.3	1.4	5.8	5.6	1.4	-6.4	-10.5	-12.7	
Manufacturing	Production	m-o-m, q-o-q	-	3.4	-1.5	1.6	3.1	-	3.2	-2.2	-2.6	-6.7	-3.6	3.2
		y-o-y	8.4	6.6	13.1	6.7	7.5	1.4	6.0	5.6	1.4	-6.7	-11.1	-13.2
	Shipments (m-o-m, q-o-q)	5.0	0.7	-1.0	-0.6	1.9	-0.1	1.1	-2.2	-0.2	-4.4	-1.7	0.7	

Inventory ³ (m-o-m, q-o-q)	13.7	0.7	-2.3	11.0	3.8	4.6	-1.4	4.9	-1.0	2.0	-1.6	2.6
Production capacity (y-o-y)	2.0	3.2	2.3	1.6	0.8	-0.4	-0.7	0.1	0.1	-0.8	-1.1	-1.2
Average operation ratio ⁴	74.8	74.6	73.2	74.5	76.7	74.8	78.9	76.0	74.2	69.9	68.3	70.9

1. Preliminary
2. Mining, Manufacturing, Electricity and Gas Production
3. End-point (month, quarter, and year)
4. Average operation ratio for the month (or quarter)

Service Output

(Percentage change from the previous period, %)

	2020					2021					2022						2023
	Ann ual	Q1	Q2	Q3	Q4	Ann ual	Q1	Q2	Q3	Q4	Ann ual	Q1	Q2	Q3 ¹	Q4 ¹	Dec ¹	Jan ¹
Service output	-2.0	-1.4	-3.7	2.4	1.1	5.2	1.4	2.4	0.3	2.5	6.8	0.9	3.0	1.6	0.2	1.5	0.1

1. Preliminary

Composite Indices of Coincident and Leading Indicators

(Points)

	2022							2023
	Jun	Jul	Aug	Sep	Oct	Nov	Dec ¹	Jan ¹
Cyclical indicator of coincident composite index m-o-m (points)	100.9	101.0	101.3	101.3	101.1	100.5	99.8	99.4
	-0.1	0.1	0.3	0.0	-0.2	-0.6	-0.7	-0.4
Cyclical indicator of leading composite index m-o-m (points)	100.2	99.9	99.7	99.6	99.5	99.3	98.8	98.5
	0.1	-0.3	-0.2	-0.1	-0.1	-0.2	-0.5	-0.3

1. Preliminary